

Green Finance Framework

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Introduction

About Corem

Corem Property Group (publ) (“Corem” or “the Company”) is a commercial real estate company that acquires, manages, refines and develops properties in metropolitan cities and growth areas. Corem’s business model aims to create profitability and good value growth in a long-term and sustainable way. The way to get there consists of sustainable management with the tenant in focus and that value is created through both strategic real estate investments and the refinement of existing properties. The business is run with its own staff to ensure high quality and profitability. Corem has 331 employees.

As of March 31, 2023, Corem owns 424 investment properties with a value of SEK 75,109 million. Office properties were the largest property category, accounting for 64% of property value, followed by logistics (19%), retail (4%) and other properties (13%) such as residential buildings. The portfolio is concentrated to Stockholm (38%), followed by Copenhagen (10%) and Gothenburg (9%).

Corem’s sustainability strategy

One of Corem’s outlined strategic directions is to be a leading Company in terms of sustainability. This includes working in a pro-active manner to transform the property portfolio towards green and climate resilient assets and reduce its over-all carbon footprint. Sustainability is thus an important part of Corem’s business and is integrated in the daily operations. The Company focuses on the areas of being a *trusted business partner* and *attractive employer*, *long-term value development*, *reduced climate impact* and a *sustainable and living city*.

SUSTAINABILITY BY NUMBERS

- Between 2018 – 2022, energy use (kWh/sqm) reduced by 22%
- Between 2021-2022, more than 60% increase in own solar power production
- As of end 2022, 93% of purchased energy is from renewable energy sources
- As of end 2022, 24% of property value were environmentally certified (e.g. Miljöbyggnad Silver and GreenBuilding)
- As of end 2022, 8.3% of green revenues¹, i.e. rental agreements with a green or climate annex

¹ Revenue level is measured against base rent

Environmental responsibility

The overall goal is to ensure an attractive property portfolio which creates long-term sustainable value without a negative impact on people or the environment. Further, Corem's long-term goal is to be *climate neutral* throughout the value chain by 2035. To achieve this goal, the Company has developed a climate roadmap which is integrated in its business operations.

Corem continuously works to reduce its environmental impact. For instance, this includes the ongoing work to increase *energy efficiency* and the transition to a fully *fossil-free* business and *climate-neutral project business*.

INITIATIVES DURING 2022

Roadmap to net-zero emissions

- Corem has adopted a company-wide roadmap to net zero carbon emissions, with specific climate related targets in 2025, 2030 and 2035

Biodiversity

- Corem is engaged in EcoComp, a project focused on the development of ecological compensation and eco landscaping to enhance carbon uptake in Swedish forests and restore biodiversity
- Several pilot projects focusing on protecting biodiversity. E.g., Corem has built insect hotels, birdhouses and a beehive at a property in Nyköping. Corem has established internal guidelines for increasing biodiversity in property management of green spaces

Circularity

- Corem has implemented circular material flows and business models in three tenant customization projects during 2020-2021

- In 2022 further projects have been conducted with Corem's circular guide as a basis for tenant customization projects
- In 2023 Corem established a group wide project with the aim to develop a circular business process to be included in all tenant customization projects by 2025
- Corem is a partner to CCBuid/IVL Svenska Miljöinstitutet's cross-industry project on increased reuse when customizing premises

Energy savings & renewable energy

- More than 12 buildings equipped with AI technology to gather data and optimise energy usage. In addition, 11 buildings are underway to get equipped with AI technology
- In 2022, Corem increased its solar power production by more than 60% to 2 036 MWh

Environmental certifications:

- Environmentally certified the Uppsala Gate building in Uppsala according to Miljöbyggnad Guld

Clean transportation

- Since 2019 Corem is a partner in the car-sharing service *Elbilio*. The purpose is to offer rental electric cars and carpool-service for its tenants

TARGETS

- By 2025, reduce climate emissions from construction by 20% compared to the base year 2021. In 2022, Corem had achieved a reduction of 34%
- By 2030, achieve average energy use of 65 kWh/sqm (interim target by 2025, 75 kWh/sqm)
- By 2030, reduce over-all climate emissions with 50%
- By 2035, Corem's operations will be climate neutral throughout the value chain

Social responsibility

Social responsibility reflects Corem's ambition to ensure that operations are conducted in a responsible manner in relation to society and its stakeholders. Among other things, Corem will maintain zero-tolerance for child labour among its suppliers, continuously ensures that no human rights violations occur in its own operations or among its suppliers and engage in issues that are important for the development of society.

INITIATIVES DURING 2021-2022

- Corem supports non-governmental organisations with financial contributions every year. Further the Company sponsors initiatives promoting good health for both children and adults, e.g. Lidingöloppet, padel events and Corem Open
- *Customer satisfaction index* – the result from the latest survey was 71 (scale from 0-100). Service and treatment, customer care and handling of service/error reports emerge as the strongest areas, while areas for improvement are mainly seen in information about planned work and customer dialogue

TARGETS

- Customer satisfaction index – achieve a result of 75 (scale from 0-100)
- All units should carry out a work environment inventory, with an associated action plan to ensure systematic efforts to improve the physical and psychosocial work environment
- 100% of properties, vehicles and unit offices should have completed safety inspections



Governance

Corem's *sustainability policy* and *code of conduct* are the foundation of the Company's sustainability work. The policies include the most important commitments in sustainability and are summarized in *nine overall principles*. The principles cover areas such as *environmental issues*, *business ethics*, *human rights*, and *community involvement*. The starting point is the *UN Global Compact* and Corem's corporate values.

Additional policies and guidelines related to sustainability for example include *code of conduct for suppliers*, *work environment policy*, *information policy*, *related party policy* and external *whistle-blower function*.

INITIATIVES DURING 2022

- Corem is one of the initiators of FIHL (sw. Fastighetsbranschens Initiativ för Hållbara Leverantörsled). The collaboration aims to develop a coordinated follow-up of sustainability aspects of suppliers in the real estate sector's supply chain
- Corem has started to *evaluate climate related risks and opportunities*. Climate risks include impact from extreme weather. Climate related opportunities include investments in clean energy production, continuously develop energy-efficient and environmental certified buildings

SUSTAINABILITY-RELATED POLICIES AVAILABLE ON COREM'S WEBSITE

- Sustainability policy and code of conduct
- Code of conduct for suppliers
- External whistle-blower function



International standards and initiatives - sustainability reporting

Corem is committed to transparent sustainability reporting in accordance with selected international initiatives and standards.

- **Task Force on Climate-Related Financial Disclosures (TCFD)** – Corem reports in accordance with TCFD
- **Global Reporting Initiative (GRI)** – Corem reports in accordance with GRI
- **Science Based Targets initiative (SBTi)** – Corem is in the process to apply to SBTi for validation of emission reduction targets in line with 1.5C scenario
- **UN Global Compact** – Corem is a committed signatory since 2022
- **UN Sustainable Development Goals (SDGs) – reporting** – Corem has identified seven goals that are most relevant for its own activities:



The Green Finance Framework

Corem's rationale for Green Financing

The real estate sector has a large impact on the environment. According to the National Board of Housing, Building and Planning's environmental indicators, it accounts for 34% of Sweden's energy use and 21% of domestic greenhouse gas (GHG) emissions². Recognizing the importance of sustainable financing, Corem's long-term target is that the share of green and sustainability-related financing should be as high as possible.



Corem's Green Finance Framework

The establishment of this *Green Finance Framework* (the "Framework") has been developed in alignment with the *Green Bond Principles* from 2021 ("GBP")³ and the *Green Loan Principles* ("GLP")⁴ from 2023 and replaces the previous green bond frameworks published in 2020. It follows the four core components of the principles:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The Framework is applicable for issuance of *green bonds* and other types of debt instruments such as *loans*, *revolving credit facilities*, *hybrid bonds* and *commercial papers* (collectively referred to as "*Green Finance Instruments*" hereafter).

Swedbank has acted as advisor to Corem in the establishment of this Framework. Further, the Framework is reviewed by an impartial firm, which has provided a second opinion to confirm its alignment with the applicable principles.

² <https://www.boverket.se/sv/byggande/hallbart-byggande-och-forvaltning/miljoindikatorer---aktuell-status/>

³ Green Bond Principles published in June 2021 (with June 2022 Appendix I) are Voluntary Process Guidelines for Issuing Green Bonds established by International Capital Markets Association (ICMA)

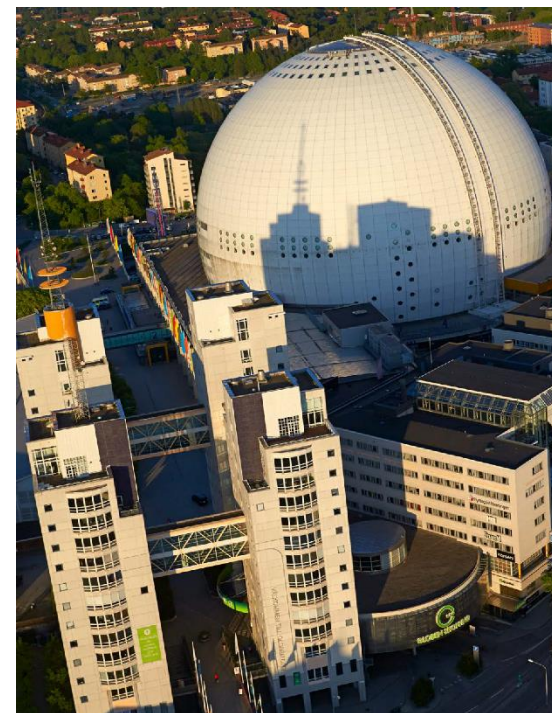
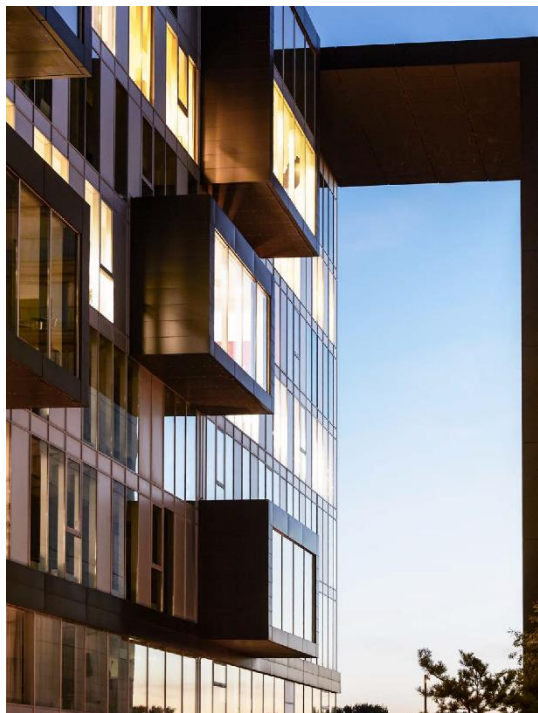
⁴The Green Loan Principles are voluntary recommended guidelines, developed by an experienced working party consisting of representatives from leading financial institutions and law firms active in global loan markets


Use of Proceeds

An amount equivalent to the net proceeds from Corem's Green Finance Instruments shall be used to finance or re-finance, in whole, or in part, a portfolio of green eligible projects ("*Green Eligible Projects*"). Eligible projects are both capital expenditures/CAPEX (could either be reported directly in the income statement or capitalized on the balance sheet) and operational expenditures/OPEX. CAPEX does not have any requirement for look-back period, while OPEX does have a requirement of maximum three-year look-back period from the time of issuance. Green Eligible Projects aims to enable climate change mitigation as well as provide distinct environmental benefits and comply with criteria detailed in the table on the following page. The Company will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Green Eligible Projects. *Refinancing* refers to Green Eligible Projects that have been finalized 12 months prior the reporting year.

EU Taxonomy

Corem strives to align the Green Use of proceeds with the *EU Taxonomy* to the extent possible. The EU Taxonomy is a classification system with six environmental objectives. The Green Eligible Project categories have been mapped to the relevant *economic activities* and *environmental objective; Climate Change Mitigation & Climate Change Adaptation*, which are presented in the table on the following page.



Green Eligible Projects (ICMA classification & EU Taxonomy activity)	Sub-categories	EU environmental objective & SDGs
<p>Green buildings Eligible EU Taxonomy activities: 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7</p>	<p>New buildings (built after 31 December 2020) Buildings that either have or will receive: <u>Buildings within EU</u></p> <ul style="list-style-type: none"> • Minimum certification of Miljöbyggnad Silver or BREEAM Very Good or LEED Gold, in combination with a Primary Energy Demand (PED) at least 20% lower than the threshold set for Nearly Zero Energy Building (NZEB) according to national building regulations, or • EPC A or B in Sweden, and EPC A in Denmark • For buildings larger than 5000m²: <ul style="list-style-type: none"> • The building undergoes testing for air-tightness and thermal integrity, upon completion; <i>and</i> • The life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle <p><u>Buildings outside EU</u></p> <ul style="list-style-type: none"> • Minimum certification of BREEAM Very Good or LEED Gold, in combination with an energy performance at least 20% below the applicable state level building regulation <p>Existing buildings (built before 31 December 2020) Buildings that either have or will receive: <u>Buildings within EU</u></p> <ul style="list-style-type: none"> • EPC A or within top 15% of the national or regional building stock expressed as operational PED and demonstrated by adequate evidence, or • Minimum certification of Miljöbyggnad Silver/Miljöbyggnad iDrift Silver or BREEAM Very Good/BREEAM In-Use Very Good or LEED Gold/LEED for Operations and Maintenance (O+M) Gold in combination with EPC C in Sweden and EPC B in Denmark <p><u>Buildings outside EU</u></p> <ul style="list-style-type: none"> • Minimum certification of BREEAM Very Good or LEED Gold in combination with an energy performance at least 20% below the applicable state level building regulation <p>Major renovations</p> <ul style="list-style-type: none"> • Major renovations and re-construction leading to primary energy savings of at least 30% <p>Energy efficiency measures</p> <ul style="list-style-type: none"> • Direct costs from production and distribution of renewable energy such as installation of onsite solar panels, heat pumps, and local grids for heating and cooling • Direct costs from energy efficiency measures such as converting to LED lighting, improvements in ventilation systems, and installation of infrastructure for electric cars (electric charging points) 	<p>Climate change mitigation</p> 

**Environmentally
sustainable management of
living resources and land
use**

Eligible EU Taxonomy
activities: 7.1, 7.2, 7.3, 7.4,
7.5, 7.6, 7.7

Biodiversity conservation & climate change adaptation

- Investments in green urban environments that promote, restore and preserve biological diversity. For example, green roofs, green walls, flowerbeds, trees as well as beehives on the roofs in a city environment
- Other investments leading to more resilient societies such as construction local dams or other climate adaptation measures in buildings

**Climate change
adaptation**



Process for Project Evaluation and Selection

The evaluation and selection process for Green Eligible Projects is a key process in ensuring that the proceeds from Green Finance Instruments are allocated to projects and activities which meet the criteria in the Framework.

Green Finance Committee

Corem has established a *Green Finance Committee* (“GFC”) that meets on a regular basis. Members of the GFC consist of the CFO, Head of Finance, Director of Property Management, Head of Sustainability and Technical Director. All decisions are made in consensus, and that applies to the selection process of Green Eligible Projects as well. A list of Green Eligible Projects is kept by the Sustainability department who together with the Technical Department and Finance Department is responsible for keeping this list up to date.

Responsibilities of the GFC

The GFC is responsible for evaluating the compliance of the proposed Green Eligible Projects with the eligibility criteria outlined in the Use of Proceeds section. Ensuring that the pool of Green Eligible Projects is aligned with the categories and criteria, as specified in the Use of Proceeds section as well as replacing investments that no longer meet the eligibility criteria. The GFC will also approve the Green Finance Report. Further, the GFC will ensure that Green Eligible Projects adhere to applicable laws and regulations as well as Corem’s environmental policy and code of conduct. Further, the GFC will also monitor internal processes to identify environmental and/or social risks associated with the Green Eligible Projects.

The list of Eligible Green Projects is monitored by GFC on a regular basis during the term of the Green Finance Instruments to ensure that the proceeds are sufficiently allocated to Eligible Green Projects.

Exclusions

The net proceeds of Corem’s Green Finance will not be used to finance *fossil fuel energy generation, nuclear energy generation, controversial weapons, potentially environmentally negative resource extraction, or tobacco.*



Management of Proceeds

Tracking of net proceeds

Net proceeds from Corem's Green Finance Instruments will be tracked by using a spreadsheet where all issued amounts of Green Finance Instruments will be inserted. The spreadsheet will also contain the list of Green Eligible Projects (see Section "Use of Proceeds"). The information available in the spreadsheet (allocation & impact) will in turn serve as basis for regular reporting (see Section "Reporting") and will be verified by an external party (see Section "External review").

All Green Finance Instruments issued by Corem will be managed on a *portfolio level*. This means that a Green Finance Instrument will not be linked directly to any pre-determined Green Eligible Projects. The Company will keep track and ensure there are sufficient Green Eligible Projects in the portfolio. Projects can, whenever needed, be removed or added to/from the Green Eligible Project portfolio.



Temporary holdings

Any unallocated proceeds may temporary be placed in the liquidity reserve or any other treasury business and managed accordingly by Corem. Should there be any unallocated proceeds, Corem strives to allocate them within one year.



Reporting

To enable investors, lenders, and other stakeholders to follow the development of the Green Eligible Projects funded by Green Finance Instruments, a *Green Finance Report* will be made available on the Company's website. The Green Finance Report will include an *allocation report* and an *impact report* and will be published *annually* as long as there are Green Finance Instruments outstanding.

In the case Corem would have other Green Finance Instruments than bonds outstanding the Company may choose to report, in relation to these other financial instruments, directly and non-publicly, to the lenders or counterparts.

ALLOCATION REPORTING

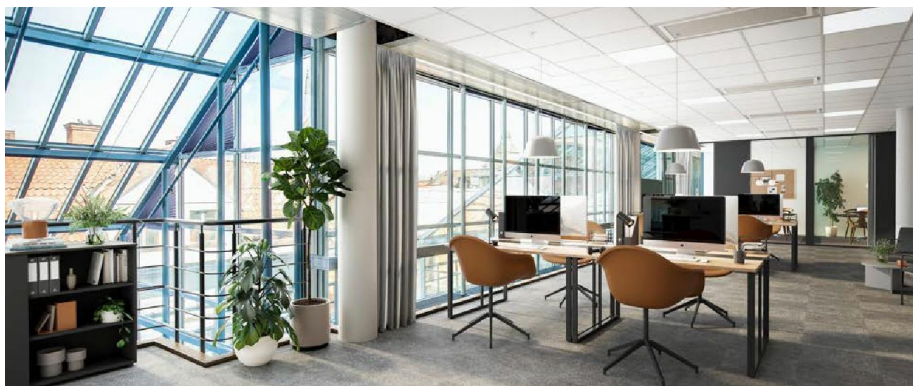
The allocation report will include the following information:

- Total amount of Green Finance Instruments issued
- Share of proceeds used for financing/re-financing as well as share of proceeds used for categories described in Section "Use of Proceeds"
- Share of unallocated proceeds (if any)
- Examples of the relevant Green Eligible Projects
- On a best effort basis, information on EU Taxonomy alignment (%) of the underlying Green Eligible Projects financed by Green Finance Instruments

IMPACT REPORTING

The impact report aims to disclose the climate-related impact of the Green Eligible Projects financed under this Framework. Note that if all data cannot be collected, the impact assessment/calculations will be on a best effort basis. Corem intends to align, on a best effort basis, the reporting with the portfolio approach described in ICMA's "Handbook – Harmonised Framework for Impact Reporting (June 2022)". The impact assessment will include some of the following impact indicators:

- EPC A or B
- Type of certification including level, if any (e.g. Miljöbyggnad Silver)
- Information on average energy performance such as primary energy demand (kWh/sqm) (if available)
- Estimated annual greenhouse gas emissions reduced (tCO₂e)
- Amount of energy saved per sqm (kWh/sqm)



External review

Second Opinion

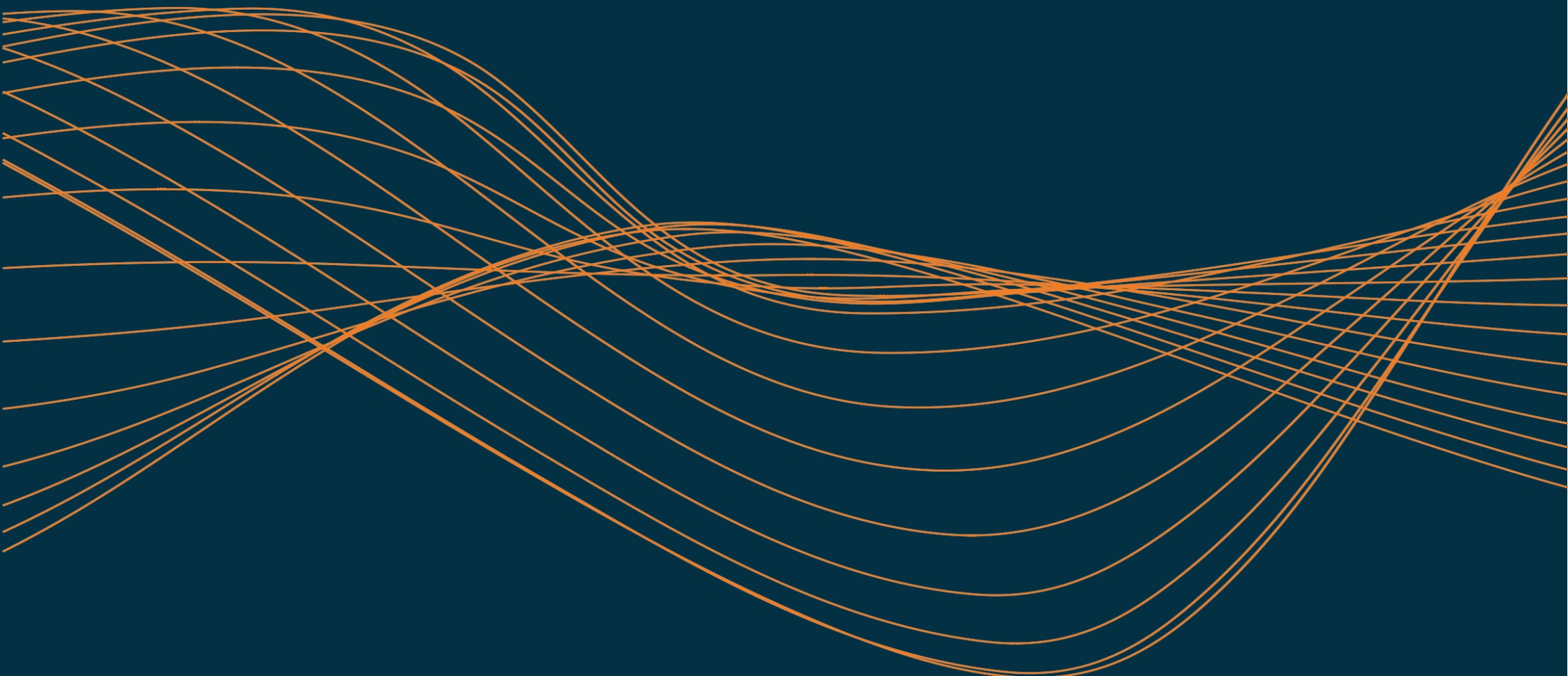
To confirm the transparency and robustness of Corem's Green Finance Framework, it is verified and approved by an external *second opinion provider*. The second opinion by CICERO is available on Corem's website; www.corem.se together with this Framework.



External verification

Allocation of proceeds will be subject to an annual review by an *independent party*. The verification report provided by the independent party will be published on Corem's website; www.corem.se





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